'967

Fel

This prospectus is not, and under no circumstances is to be construed as, a public offering of any of these securities for sale in the United States of America or in the territories or possessions thereof.

New Issue

110,000 Common Shares

without par value

General Impact Extrusions Ltd.

	Price to Public	Underwriter's Commission	Proceeds to Company (1)
Per Share	\$ 5.75	\$ .2273	\$5.5227
Total	\$632,500	\$25,000	\$607,500

(1) Before deducting expenses payable by the company estimated at \$15,000.

There is at present no established market for the common shares of the Company and the price for this offering was determined by negotiation between the Company and the underwriter.

Of the 110,000 common shares offered hereby 45,000 common shares are to be sold to present shareholders of the Company pursuant to an agreement between the Underwriter and the directors of the Company. We, as principals, offer these common shares, if, as and when issued by the Company and accepted by us, subject to prior sale or change in price and subject to the right to reject any application in whole or in part and to withdraw this offer at any time without prior notice and subject to the approval of all legal matters on behalf of the Company by Messrs. Martineau, Walker, Allison, Beaulieu, Tetley & Phelan, Montreal, Quebec and on our behalf by Messrs. Fraser, Beatty, Tucker, McIntosh & Stewart, Toronto, Ontario.

It is expected that share certificates in definitive form will be available for delivery on or about November 10, 1967.

THIS ISSUE MAY BE CONSIDERED SPECULATIVE
Reference is made to "Sales and Marketing" on pages 3 and 4

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

Pitfield, Mackay, Ross & Company Limited

MONTREAL TORONTO

HALIFAX MONCTON SAINT JOHN QUEBEC CORNWALL OTTAWA BARRIE BRAMPTON HAMILTON BRANTFORD GUELPH KITCHENER NIAGARA FALLS SARNIA LONDON WINDSOR SUDBURY SAULT STE. MARIE WINNIPEG CALGARY EDMONTON VANCOUVER VICTORIA NEW YORK GENEVA BRUSSELS LONDON, ENGLAND KINGSTON, JAMAICA

TABLE OF CONTENTS

THE COMPANY

General Impact Extrusions Ltd. (the "Holding Company") was incorporated under the laws of Canada by letters patent dated April 15, 1955 and commenced operations in early 1956. In 1962 it sold all of its assets to a wholly-owned subsidiary, General Impact Extrusions (Manufacturing) Ltd. (the "Operating Company"), a company incorporated under the laws of Canada, and became a holding company. Further reference to the Operating Company is made on page 3 hereof.

The Holding Company has recently obtained supplementary letters patent dated August 31, 1967 converting all its issued and unissued common shares of the par value of 50¢ each into common shares without par value, subdividing each of such shares into three common shares without par value and increasing its authorized capital by the creation of 200,000 common shares without par value ranking on a parity with the common shares as subdivided as aforesaid. The common shares offered by this prospectus are after giving effect to the issue of such supplementary letters patent.

The address of the head and principal office of the Holding Company and of the Operating Company is 191 Evans Avenue, Toronto 18, Ontario.

The Holding Company owns 50% of the issued shares of Xyno Plastics Ltd., a company incorporated in 1964 under the laws of Canada. The other 50% of the issued shares of Xyno Plastics Ltd. are owned by Sanford Ink Company, a company incorporated under the laws of the State of Illinois. Further reference to Xyno Plastics Ltd. is made on page 5 hereof.

In 1967 G.I.E. Corporation was incorporated under the laws of the State of New York as a wholly-owned subsidiary of the Holding Company. This subsidiary is presently establishing an impact extrusions operation at Buffalo, New York and it is anticipated that this plant will commence production in the fourth quarter of 1967. Further reference to G.I.E. Corporation is made on page 5 hereof.

PURPOSE OF ISSUE

The estimated net proceeds from the sale of the 110,000 common shares offered hereby, amounting to $592,500, after deducting the estimated expenses of the issue, will be used as follows:

(i) as to $58,905 to retire bank indebtedness of the Holding Company incurred in redeeming its first preferred shares on September 22, 1967;

(ii) as to the balance to reduce bank indebtedness of the Operating Company (including bank indebtedness incurred in redeeming its 8% notes payable on September 29, 1967); and

(iii) as such funds are required from time to time by G.I.E. Corporation the Holding Company will advance $325,000 (U.S.) to acquire, in the aggregate, 150 common shares without nominal or par value of G.I.E. Corporation for a total consideration of $150,000 (U.S.) and to lend a further $175,000 (U.S.) on the security of 5% Serial Debentures of G.I.E. Corporation maturing as to $17,500 (U.S.) principal amount in each of the years 1973 to 1982 inclusive; G.I.E. Corporation will use the monies so received to repay indebtedness owing to the Operating Company which monies have been used to purchase machinery and equipment.

Apart from the bank loans incurred to redeem the first preferred shares and the 8% notes payable the proceeds of bank indebtedness incurred within the two preceding years have been used to finance receivables and inventories and to provide temporary funds while long term financing was being arranged.

CAPITALIZATION

The capitalization of the Holding Company and its wholly-owned subsidiary, the Operating Company as at June 30, 1967, as at September 30, 1967 and adjusted to reflect the issuance of the common shares offered hereby is set forth below:

	Authorized	Outstanding June 30, 1967	Outstanding September 30, 1967	To be outstanding upon completion of this financing
General Impact Extrusions Ltd.				
5% first preferred shares of the par value of $100 each (non-cumulative redeemable)	2,000 shs. ($200,000)	561 shs. ($56,100)	nil (1)	nil
2% second preferred shares of the par value of 10¢ each (non-cumulative redeemable)	2,000,000 shs. ($200,000)	nil	nil	nil
Common shares without par value (2)	800,000 shs.	408,900 shs. ($68,150)	408,900 shs. ($68,150)	518,900 shs. ($700,650)
General Impact Extrusions (Manufacturing) Ltd.				
Long Term Debt (3)				
7½% loan due January 23, 1970	$300,000	$218,750	$200,000	$200,000
8½% loan due June 23, 1972	250,000	nil	200,000	200,000 (4)
8% notes payable	113,390	113,390	nil (1)	nil
Government capital assistance grants repayable without interest	184,358	103,464	103,464	118,842
Other Debt (5)				
Demand loan	1,000,000	793,000	500,000 (6)	346,123
Overdraft on current account	nil	171,968	nil	nil

(1) On September 22, 1967 the Holding Company redeemed its outstanding 5% first preferred shares and on September 29, 1967 the Operating Company redeemed its outstanding 8% notes payable both out of monies borrowed from the bankers of the Holding Company.

(2) After giving effect to the issue of the supplementary letters patent referred to on page 16 in note 1 to the financial statements.

(3) For information relating to long term debt refer to note 6 to the financial statements on page 17.

(4) It is anticipated that the balance of $50,000 to be advanced under the 8½% loan will be received in November, 1967.

(5) Secured by a general assignment of receivables and inventories under Section 88 of the Bank Act (Canada).

(6) This loan was reduced on September 1, 1967 by $200,000 being partial proceeds of the 8½% loan.

(7) For information relating to leases refer to notes 4 and 12(c) on pages 17 and 18.

Products

The product line of General Impact Extrusions (Manufacturing) Ltd. (the "Operating Company") is centred around the use of the impact extrusion process chiefly as applied to aluminum. When originally established, its production was limited to collapsible tubes and small cans for electronic, radio and telephone usage. With the acquisition of larger and more sophisticated machines, the product line has broadened out into industrial parts for automotive and electronic use, and defence products, such as cartridge cases, bomb bodies, smoke signals and anti-submarine warfare devices.

The impact extrusions process is a metalworking system which, by the application of extreme pressure, shapes metal into a desired, precise form with a minimum of machining and without wasting of metal. As such, the process lends itself well to the production of thin walled tubes with one or both ends open, and to cup-shaped objects of various dimensions. The advantages of this process include: saving on metal, improvement in physical properties of metal, high productivity per machine, low labour input, close tolerances and good surface finishes.

As it is customary for collapsible tubes to be delivered in decorated form, the Operating Company has a metal printing division, which also makes rigid wall decorated containers for felt tip markers and the aerosol market.

The Operating Company has been active in the manufacture of defence components for the last eight years and this aspect of its production has developed into the largest single part of its business. For the past three years its defence business has varied between 44% and 74% of sales. As impact extrusions for defence components as well as some automotive and electronic products frequently require a considerable number of secondary machining operations, the Operating Company is equipped with a wide variety of machine tools.

Engineering

The Operating Company is basically an application engineering company devoted to the impact extrusion process. Although it holds only peripheral patents on its applied technology, it has developed a substantial fund of know-how and practical experience in impacting metals. The Operating Company maintains an engineering division and has performed research and development work for both industry and government agencies. Though its engineering has been devoted to the processing of aluminum, it is generally applicable to other metals and it is anticipated that these skills will in time be applied to metals other than aluminum.

Sales and Marketing

The Operating Company sells its commercial products through its own sales force to customers in Canada and in the United States. Defence products are sold directly to government agencies or to prime contractors who in turn supply government agencies; these sales are effected either by bidding or by direct negotiations. Defence sales are largely directed to the United States and are spread over a wide diversity of product lines used in both naval and army applications.

Commercial products are composed of two groups: impact extrusions for electronic, automotive and industrial uses, and decorated impact extrusions largely for packaging purposes such as toothpaste tubes, felt tip markers and aerosol cans. Both markets have tended to grow faster than the economy as a whole and the Company's penetration of these markets is strong and still improving.

The United States defence requirements create a large and continuing demand for the Operating Company's products. Defence expenditures have fluctuated since the end of the Second World War with a particularly noticeable build-up during the Korean War. According to figures from Economic Indicators, Council of Economic Advisors (published by the United States Government Printing Office) defence ex-

penditures rose from about \$14.3 billion in 1950 to \$50.4 billion in 1953 representing a growth from 5.0% to 13.8% of gross national product. At the outset of the present Far Eastern hostilities, expenditures were at an annual rate of about \$50.8 billion representing 7.5% of gross national product and, according to the latest published estimates of the Council of Economic Advisors, the present figures indicate a rise to about \$70 billion or 9.4% of gross national product.

The United States defence market is substantially larger than the entire Canadian gross national product. It is felt that it is a continuing market as weaponry obsolescence is accelerating and defence preparedness has been stated to be a part of United States foreign policy. The Operating Company endeavours through its development and engineering work to associate itself with newer weapons and weapon supplies where growth and demand are assured over a period of several years as strategic stockpiles are established.

At the present time approximately 74% of the dollar volume of sales of the Operating Company is in the defence expenditure field. A loss of any significant part of such sales would have serious adverse effects upon the profitability of the Operating Company. It must therefore be appreciated that a change in foreign policy by the Government of the United States which resulted in reduced defence expenditures could have an adverse effect upon the operations of the Operating Company.

The Operating Company has also been active as a supplier to the Canadian armed forces and in turn through them a supplier to the forces of certain NATO countries.

Competition

The Operating Company is one of Canada's four collapsible tube producers and believes that it is now the largest Canadian producer of aluminum collapsible tubes. It also exports decorated products into the United States market. Both markets are highly competitive.

With respect to larger extrusions and more particularly defence products, the Operating Company has, through its acquisition of sophisticated machinery and application of engineering, established a strong position in Canada. In exporting this class of products, however, the Company competes in the United States market with a number of large companies which have greater resources and facilities and in some instances are fully integrated from a raw material point of view.

Plant

The Operating Company's plant and offices are located in Metropolitan Toronto in a building with a gross area of 135,000 square feet. The building which is of masonry and steel frame construction, situated on approximately four acres of land, is leased for a term of 20 years from March 1, 1967 at an annual rental of approximately \$106,000 payable monthly in advance plus taxes, licence fees, electric current, water, gas, heat, telephone and insurance costs. Three additions have been made to the premises since 1960 and, at the present time, management feels that the building is adequate for the present needs of the Operating Company, and of Xyno Plastics Ltd. which sub-leases a small portion of the building from it. Prior to the lease of March 1, 1967 the leasehold interest of the Operating Company had been mortgaged to a governmental term-lending institution as collateral security for the payment of the 7½% Debenture due January 23, 1970 of the Operating Company issued to and held by the governmental term-lending institution. The leasehold interest of the Operating Company in the lease of March 1, 1967 will be similarly mortgaged to the governmental term-lending institution.

Personnel

The Operating Company has about 480 full time employees, all hourly paid employees being covered by a collective bargaining agreement. Such personnel are assigned as follows:

General management and administration	15
Engineering, marketing and field engineering	18
Manufacturing, including quality control	447

Raw Materials

The Operating Company's basic raw material is aluminum, which is purchased from Canadian sources in various semi-fabricated forms such as extruded rod and slugs. Though it predominantly uses one supplier, there are several available and operations have never been affected by a shortage of raw materials. Good relations are enjoyed with its various suppliers.

G.I.E. CORPORATION

On June 13, 1967, G.I.E. Corporation was incorporated in the United States and is now a wholly-owned subsidiary of the Holding Company. A building of approximately 33,000 square feet has been leased in an industrial park on the outskirts of Buffalo, New York. Experienced management has been hired to staff G.I.E. Corporation and has been planning and implementing the United States subsidiary's programme since March, 1967.

As at June 30, 1967, contracts had been entered into with machinery suppliers and commitments for about $400,000 were outstanding. Since June 30, 1967 further commitments have been made for $175,000 and $215,000 of previously ordered equipment has been received. Though further capital expenditures are planned, the present equipment on hand and on order is sufficient for the immediate needs of G.I.E. Corporation. Temporary bank financing for G.I.E. Corporation has been arranged in the amount of $325,000 (U.S.) by the Operating Company.

G.I.E. Corporation will devote itself in its first year of operation to the manufacture of certain industrial and defence products already well established with its parent in Toronto. In its second year of operation it is anticipated that G.I.E. Corporation will broaden its product line into further commercial applications. The management and sales of the Buffalo Operation will be closely integrated with those of the Operating Company.

G.I.E. Corporation will guarantee to the governmental term-lending institution, which is the holder of the 7½% Debenture due January 23, 1970 and the 8½% Debenture due June 23, 1972 of the Operating Company, the payment of all interest, principal and the performance of all other terms and conditions under the said Debentures. It is anticipated that the said guarantee will contain restrictions on dividends, salaries and capital expenditures similar to those contained in the guarantees of the Debentures by the Holding Company.

XYNO PLASTICS LTD.

The Holding Company established Xyno Plastics Ltd. ("Xyno") in 1964 as a diversification move and as a means of controlling its injection-moulded plastic parts requirements. It holds a 50% interest in Xyno which represents an investment of $50,000. Following its break-in period Xyno has operated profitably for the past eighteen months. Reference is made to note 2 to the financial statements on page 16.

In June, 1967 Xyno acquired the plastics division of a Canadian company thereby more than doubling its size. It is anticipated that an additional investment of approximately $15,000 will be made by the Holding Company in order to help finance this expansion. Xyno is now negotiating long term debt borrowing to finance its further growth.

Xyno is housed in the same building as the Operating Company and is managed in part by officers of that company. Beyond these officers Xyno has its own management group.

DIRECTORS AND OFFICERS

The names and home addresses in full of the directors of the Holding Company (such directors also being the directors of the Operating Company) and of the officers of the Holding Company and the offices and positions held by each are as follows:

Name and Home Address	Position and Office Held	Principal Occupation
Bernard d'Aragon 445 St. Joseph Boulevard West Outremont, Quebec	Director	Vice-President and General Manager, Pole-Lite Ltd.
Roger Louis Beaulieu, Q.C. 3044 St. Sulpice Road Montreal, Quebec	Secretary and Director	Advocate, Martineau, Walker, Allison, Beaulieu, Tetley & Phelan
Michael Milan Koerner 14 Ridgefield Drive Toronto, Ontario	President and Director	President, Canada Overseas Investments Limited
John Andrew Powell 348 Wood Avenue Westmount, Quebec	Director	President, Canaplan Leasing Limited
Otto Eugen Rieder 23 Clearside Place Etobicoke, Ontario	General Manager and Director	General Manager of the Holding Company and of the Operating Company
Donald Colin Webster 75 Binscarth Road Toronto, Ontario	Vice-President and Director	President, Neptune Terminals Limited

The only directors or officers who have not held their present business affiliations for the last five years are Messrs. Powell, Webster, and d'Aragon. Mr. Powell was, from 1962 to September, 1967, President and General Manager of Current Events Limited and remains the President of that company. Mr. Webster was, from 1961 to April, 1966, General Manager of Seaway Terminals. Mr. d'Aragon was, from 1942 to October, 1967, a Metallurgical Engineer with the Aluminum Company of Canada, Limited.

Remuneration

The by-laws of the Holding Company provide, in effect, that the Board is authorized to fix from time to time by resolution the remuneration of its directors.

The aggregate remuneration paid by the Holding Company and by the Operating Company during the calendar year 1966 to directors of the Holding Company, as such, was $3,450 and to senior officers of the Holding Company, as such, was $56,760 (including their proportion of the profit sharing plan mentioned below). The aggregate remuneration paid or payable by the Holding Company and by the Operating Company during the period from January 1, 1967 to September 30, 1967 to the directors and senior officers of the Holding Company, as such, was $50,895. The aggregate remuneration estimated to be paid or payable by the Holding Company and by the Operating Company during the current financial year to directors of the Holding Company, as such, is $5,400 and to senior officers of the Holding Company, as such, is $72,000 (including their proportion of the profit sharing plan mentioned below).

Profit Sharing Plan

The Operating Company instituted a profit sharing plan commencing with the year ended December 31, 1963. Under the said plan, in any year when, as at the last day of the immediately preceding fiscal year, the profit of the Operating Company before taxes and depreciation is equal to or greater than 10% of that company's total gross assets, a fund in the amount of $10,000 is set aside for distribution to officers and key employees who are in the Operating Company's employment on the 15th day of December preceding the fiscal year end. To this fund of $10,000 there is either added $100 for each $1,000 of profit over and above the figure equal to 10% of gross assets as aforesaid or there is deducted $250 for each $1,000 of profit below the said 10% of said gross assets. Two senior officers of the Holding Company share two-thirds of the fund and the balance is distributed by a committee to key employees. In respect of the year-ended December 31, 1966 the Operating Company paid out $30,270 pursuant to the profit sharing plan, amounting to approximately 7.1% of its profit before taxes and before such payment.

Restrictions on Salaries and Capital Expenditures

Under the terms of the guarantee agreements respectively dated January 17, 1966 and August 3, 1967 referred to on page 12 hereof and made between the Holding Company and a governmental term-lending institution the Holding Company agreed, among other things, that neither the Holding Company nor the Operating Company would separately or together in the aggregate, without the prior written consent of the term-lending institution, make any payments of any kind including payment of salaries, commissions, bonuses or other remuneration to or for the account of certain officers and key personnel of the Holding Company and the Operating Company in excess of $60,000 in the aggregate during any one financial year. The term-lending institution has waived the salary restriction in previous years and salaries and other remuneration in excess of the said $60,000 have been paid. Under the said agreements the Holding Company and the Operating Company may not separately or together in the aggregate, without the prior written consent of the term-lending institution, make any capital expenditures or incur any indebtedness or make any commitments for capital expenditures aggregating during one financial year more than $35,000, the then programme of the Holding Company and the Operating Company excepted. The programme referred to consisted of the acquisition of machinery and equipment at an approximate cost of $835,000. Approximately $212,000 of such machinery and equipment is still to be acquired and it is anticipated that the programme will be completed in November, 1967. The term-lending institution has waived the restriction on capital expenditures in previous years and capital expenditures considerably in excess of $35,000 have been made in such years. The term-lending institution by letter dated September 21, 1967 consented to the Holding Company making additional investments of $15,000 in Xyno Plastics Ltd. and $325,000 (U.S.) in G.I.E. Corporation referred to on page 1 hereof and permitted the guarantee by the Operating Company of the lease of G.I.E. Corporation referred to on page 13 hereof.

Options

At a meeting of the directors of the Holding Company held on August 16, 1967, 15,000 common shares in the capital stock (as presently constituted) of the Holding Company were set aside for issue and allotment from time to time by the directors to key personnel, under option agreements or otherwise. The resolution provides that such shares shall not be issued at a price less than $5.75 per share. No options have been granted on such shares and none of the said shares have been issued at the date hereof.

Management Interest

The directors and senior officers of the Holding Company as a group beneficially own, directly or indirectly 345,860 common shares or approximately 84.5% of the outstanding common shares of the Holding Company. After giving effect to the sale of the 110,000 common shares offered by this prospectus (of which 45,000 common shares are to be sold to present shareholders of the Holding Company) the directors and senior officers of the Holding Company as a group, assuming they acquire, out of the 45,000 common shares to be sold to present shareholders, further common shares pro rata in relation to their present holdings of common shares, will beneficially own, directly or indirectly, approximately 383,960 common shares or approximately 74.0% of the outstanding common shares of the Holding Company.

Roger L. Beaulieu Q.C., a director and officer of the Holding Company and the Operating Company, is the owner of 18,600 common shares in the capital stock of the Holding Company and expects to acquire a further 2,047 common shares out of the 45,000 common shares to be purchased by present shareholders of the Holding Company. Mr. Beaulieu is a partner in the legal firm of Messrs. Martineau, Walker, Allison, Beaulieu, Tetley & Phelan who are acting for the Holding Company in connection with the offering, issuance and sale of the common shares hereby offered.

Interest in Redeemed Securities

Of the first preferred shares redeemed on September 22, 1967, the following directors and senior officers of the Holding Company beneficially held the numbers of shares set out following their names:

Bernard d'Aragon	113
Roger L. Beaulieu, Q.C.	24
Michael M. Koerner	133
J. Andrew Powell	7
Donald C. Webster	142

The said first preferred shares were redeemed at $105 per share.

Of the 8% notes redeemed on September 29, 1967 the following directors and senior officers of the Holding Company beneficially held the principal amounts thereof set out following their names:

Bernard d'Aragon	$21,900
Roger L. Beaulieu, Q.C.	5,460
Michael M. Koerner	11,200
J. Andrew Powell	3,340
Otto E. Rieder	9,870
Donald C. Webster	20,345

The said notes were redeemed at 101.2% of the principal amount thereof with interest accrued to September 29, 1967. Sylva Investments Ltd. owned $25,000 principal amount of the said 8% notes which were redeemed. Mr. Michael M. Koerner, the President and a shareholder of the Holding Company is the President and a shareholder of Sylva Investments Ltd.

SHARE CAPITAL

The authorized capital stock of the Holding Company consists of 2,000 first preferred shares of the par value of $100 each, 2,000,000 second preferred shares of the par value of 10¢ each and 800,000 common shares without par value. No first preferred shares are outstanding, 1,131 of such shares having been previously issued and redeemed. None of the second preferred shares has been issued or is outstanding. After giving effect to the issue of the 110,000 common shares offered hereby there will be outstanding as fully paid and non-assessable 518,900 common shares.

First Preferred Shares

The holders of the first preferred shares are entitled to non-cumulative dividends at the rate of 5% per annum of the amount paid up on such shares before any dividends may be declared or paid on the second preferred shares or common shares of the Holding Company. The holders of the first preferred shares have no right to participate in any dividends in any fiscal year beyond the 5% dividend aforesaid. The first preferred shares are non-voting until the dividends on such shares have not been declared or paid for two years and thereafter until payments of dividends are resumed are fully voting. The said shares may be purchased for cancellation at any price not exceeding the redemption price and may be redeemed at 105% of the amount paid up thereon together with all dividends declared thereon and unpaid. Upon a winding up or other distribution of capital assets the holders of the first preferred shares are entitled to receive the amount paid up on such shares, and no more before any amount may be distributed to the holders of the second preferred shares or the holders of the common shares.

Second Preferred Shares

The second preferred shares rank after the first preferred shares both with regard to payment of dividends and return of capital. After payment of the 5% dividend on the first preferred shares the holders of the second preferred shares are entitled to non-cumulative dividends at the rate of 2% per annum of the amount paid up on such shares and no more before any dividends may be declared, paid or set apart for payment on the common shares. The second preferred shares are non-voting until the dividends on such shares have not been declared or paid for two consecutive years and thereafter until a dividend of 2% is paid are fully voting. The said shares may be purchased for cancellation at any price not exceeding the redemption price (i) as may be unanimously agreed upon by the holders of all the second preferred shares then outstanding or (ii) pursuant to tenders received upon request therefor addressed to all the holders of second preferred shares. The said shares may be redeemed at the amount paid up thereon plus any dividends declared thereon and unpaid. Upon a winding up or other distribution of capital assets the holders of the second preferred shares are entitled to receive the amount paid up on such shares plus the amount of any preferential dividends declared thereon and unpaid and no more before any amounts may be distributed to the holders of the common shares.

Common Shares

The holders of the common shares are entitled to one vote for each share held and participate share for share in dividends and distributions and on liquidation after provision for the first preferred shares and second preferred shares. There are no pre-emptive rights in favour of shareholders. All common shares to be outstanding upon completion of the present financing will be fully paid and non-assessable.

Restriction on Dividends and Redemptions

Under the terms of the guarantee agreements referred to on page 12 hereof respectively dated January 17, 1966 and August 3, 1967 and made between the Holding Company and the governmental term-lending institution whereunder the Holding Company respectively guaranteed repayment of $300,000 principal with interest at 7½% per annum and the repayment of $250,000 principal with interest at 8½% per annum to the term-lending institution and the performance of all other covenants and conditions by the Operating Company under its 7½% Debenture and its 8½% Debenture issued to the term-lending institution, as amended by a letter dated September 21, 1967 from the term-lending institution to the Holding Company referred to on page 13 hereof, the Holding Company agreed, among other things, that neither the Holding Company nor the Operating Company would, without the prior written consent of the term-lending institution

(i) declare or pay any dividends on their common shares which would reduce consolidated earned surplus to less than $620,000 or on their preferred shares, provided that while the respective loans are in good standing they may pay dividends on preferred shares at a rate not exceeding, in the case of the 7½% Debenture, 6% per annum and in the case of the 8½% Debenture, 8% per annum; or

(ii) reduce their capital or make any distribution of assets upon or redeem, purchase or otherwise retire or pay off any of their shares.

The governmental term-lending institution consented in writing to the redemption on September 22, 1967 of the first preferred shares of the Holding Company and to the redemption on September 29, 1967 of the 8% notes payable of the Operating Company on condition that monies equal to the amount paid out on such redemptions be re-invested in the Holding Company by way of the purchase of common shares.

Dividends

The Holding Company has paid dividends on its common shares as follows:

Year	Amount per share
1963	$0.01 2/3
1964	0.03 1/3
1965	0.03 1/3
1966	0.08 1/3

The per share dividends are adjusted to reflect the subdivision of common shares on a 3 for 1 basis by supplementary letters patent dated August 31, 1967 and the previous subdivision of common shares on a 20 for 1 basis by supplementary letters patent dated August 18, 1964.

The Holding Company has paid regular semi-annual dividends at the specified annual rate of 5% on its first preferred shares during each of the years 1963 to 1966 inclusive and has paid one semi-annual dividend on such shares in the current year. The particulars of the dividends paid by the Holding Company on its first preferred shares are as follows:

Year	Amount per share
1963	$5.00
1964	5.00
1965	5.00
1966	5.00
1967	2.50

Principal Shareholders

As at the date hereof the number of common shares owned of record or beneficially, directly or indirectly, by each person or company who owns of record or is known to own beneficially, directly or indirectly, more than 10% of the common shares of the Holding Company is as follows:

Name and Address	Type of ownership	Number of common shares owned	Percentage of outstanding common shares
Bernard d'Aragon 445 St. Joseph Boulevard West, Outremont, Quebec	Record and Beneficially	66,000	16.2%
Michael M. Koerner 14 Ridgefield Drive Toronto, Ontario	Record and Beneficially	107,580	26.3%
Donald C. Webster 75 Binscarth Road Toronto, Ontario	Record and Beneficially	101,040	24.7%

PLAN OF DISTRIBUTION

Terms of Offering

The number of securities offered by this prospectus, the price to the public and the terms of the offering are stated on the front page of this prospectus. The securities offered hereby will be sold to the public by Pitfield, Mackay, Ross & Company Limited. Of the 110,000 common shares offered hereby 45,000 shares are to be sold to present shareholders of the Holding Company at the price at which such shares are offered to the public hereby pursuant to the terms of the agreement between the Underwriter and directors of the Holding Company referred to under the heading "Agreements with Underwriter" below.

Agreements with Underwriter

By agreement dated October 28, 1967 between the Holding Company and Pitfield, Mackay, Ross & Company Limited, as underwriter, the Company agreed to sell and the underwriter agreed to purchase the 110,000 common shares offered hereby at a price of $5.75 per share payable in cash against delivery at a closing to be held on or about November 10, 1967. The Holding Company has agreed to pay all expenses of the issue and a commission of $25,000 to the underwriter at such closing, all subject to the terms and conditions set out in the said agreement and compliance with the necessary legal formalities. Under the said agreement the obligations of the underwriter are conditional upon the furnishing of a favourable legal opinion and appropriate certificates of officers of the Holding Company and the underwriter has the option to terminate the said agreement up to the day before the closing date in the event of any occurrence which in its opinion would prejudice the successful offering by it of the common shares offered hereby. Of the 110,000 common shares offered by this prospectus, 45,000 shares are to be sold to present shareholders of the Company at a price of $5.75 per share pursuant to an agreement dated October 28, 1967 between the underwriter and Messrs. d'Aragon, Beaulieu, Koerner, Powell, Rieder and Webster, all directors of the Holding Company. Under the said agreement the obligations of the said directors to purchase the said shares are joint and several and each of the directors has agreed not to sell or otherwise dispose of any common shares of the Holding Company for a period being the greater of the period of primary distribution of the securities offered hereby and the period from the date of this prospectus to June 1, 1968 without the prior written consent of the underwriter.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the common shares without par value of the Holding Company is Canada Permanent Trust Company at its office at 320 Bay Street in Toronto and at its office at 600 Dorchester Boulevard West in Montreal.

The Holding Company at its head office at 191 Evans Avenue, Toronto is its own transfer agent and registrar for its 5% first preferred shares of the par value of $100 each and for its 2% second preferred shares of the par value of 10¢ each.

AUDITORS

The Company's auditors are Messrs. Peat, Marwick, Mitchell & Co., Chartered Accountants, 4 King Street West, Toronto 1, Ontario.

MATERIAL CONTRACTS

Within the two years preceding the date of this prospectus the Holding Company and its subsidiaries have entered into the following material contracts in addition to contracts in the ordinary course of business.

1. The underwriting agreement dated October 28, 1967 between the Holding Company and Pitfield, Mackay, Ross & Company Limited referred to on page 11 of this prospectus.

2. A guarantee by the Holding Company in favour of a governmental term-lending institution dated August 3, 1967 whereby the Holding Company guaranteed repayment of principal and interest and the performance of all other covenants under a 8½% Debenture dated August 3, 1967 issued by the Operating Company to the term-lending institution.

3. The 8½% Debenture due June 23, 1972 in the principal amount of $250,000 of the Operating Company held by the governmental term-lending institution. A default under the terms of the 7½% Debenture due January 23, 1970 hereinafter referred to will constitute a default under the 8½% Debenture. See note 6 to the financial statements forming part of this prospectus.

4. A guarantee by the Holding Company in favour of a governmental term-lending institution dated January 17, 1966, whereby the Holding Company guaranteed repayment of principal and interest and the performance of all other covenants under the 7½% Debenture dated February 9, 1966 issued by the Operating Company to the term-lending institution.

5. The 7½% Debenture due January 23, 1970 in the principal amount of $300,000 of the Operating Company, secured by a floating charge on the undertaking and assets of the Operating Company, a mortgage of lease and a chattel mortgage, held by the governmental term-lending institution referred to above. See note 6 to the financial statements forming part of this prospectus.

6. An agreement between the Operating Company and Her Majesty in right of Canada dated March 3, 1966 pursuant to which up to $118,920 were to be advanced to that company pursuant to the terms of the Defence Production Act (Canada) repayable in five equal annual instalments of up to $11,892 each without interest, the balance of such loan to be forgiven after payment of the last instalment. The said agreement permits prepayment of instalments without notice or bonus. By agreement dated March 6, 1967 the agreement aforesaid was amended so that the amount to be advanced would be up to $100,416.90 and the five equal instalments would be up to $10,041.69 each. See note 5 to the financial statements forming part of this prospectus.

7. An agreement between the Operating Company and Her Majesty in right of Canada dated December 22, 1966 pursuant to which up to $268,300 are to be advanced to that company pursuant to the terms of the Defence Production Act (Canada) repayable in five equal annual instalments of up to $26,830 each without interest, the balance of such loan to be forgiven after payment of the last instalment. The said agreement permits prepayment of instalments without notice or bonus. See note 5 to the financial statements forming part of this prospectus.

8. An agreement between the Operating Company, the governmental term-lending institution referred to above and Transmetro Properties Limited dated February 9, 1966 whereunder the Operating Company mortgaged its leasehold interest in the premises municipally known as 191 Evans Avenue, Toronto to the term-lending institution with Transmetro Properties Limited consenting to the said mortgage of lease.

9. A chattel mortgage dated February 9, 1966 whereunder the Operating Company mortgaged specified machinery and equipment to a governmental term-lending institution as collateral security for the 7½% Debenture referred to above.

10. A lease dated March 1, 1967 between the Operating Company as lessee, and Transmetro Properties Limited as lessor, leasing the premises at 191 Evans Avenue, Toronto to the Operating Company for a term of 20 years at a rental of $106,355 annually payable monthly in advance. The lease provides that the lessee pays all taxes, licence fees, electric current, water, gas, heat, telephone and insurance costs.

11. A lease dated July 6, 1967 between G.I.E. Corporation, as lessee, and Anthony Santiago, Robert Mariacher, Luke Santiago and Pasquale Cipolla, as lessors, leasing premises at Cheektowaga, New York State, for a term of 15 years at a rental of $37,605 annually payable monthly in advance. The lease provides for a reduced rental until completion of a building already erected on the premises and the addition thereto of 10,000 square feet of warehouse space. The lease provides that the lessee pays all taxes, assessments, water and other municipal charges and fire and extended coverage insurance. The Operating Company has guaranteed performance by G.I.E. Corporation of all covenants under the lease. The lessors have granted to the lessee an option to purchase the leased premises at a price of $350,000 such price reducing $7,000 after each full year of occupancy, such reduction to be pro rated if the option is exercised during any year. The lessee pays $259 per year for the said option and it must be exercised within 3 years of the date of the lease. In addition if the said option is exercised, the lessee has the right to purchase 2.59 acres of adjacent land at $12,000 per acre or to rent the said lands at $1,080 per annum. The said additional option must also be exercised within 3 years or in 2 years in certain events. All amounts referred to in this paragraph 11 are in U.S. funds.

12. A letter dated September 21, 1967 from the governmental term-lending institution to the Operating Company permitting the redemption of the 8% notes payable of the Operating Company, the redemption of the first preferred shares of the Holding Company, the additional investment by the Holding Company of $15,000 in Xyno Plastics Ltd., a $325,000 investment in G.I.E. Corporation, the guarantee by the Holding Company of the obligations of G.I.E. Corporation under the lease referred to in item 11 above and the payment by the Holding Company of dividends on its common shares provided that as a result of such dividends consolidated earned surplus of the Holding Company and its subsidiaries is not reduced below $620,000. The redemption of the 8% notes payable and of the first preferred shares are permitted on the condition that an amount equal to the monies paid out on redemption be re-invested in common shares of the Holding Company and upon certain other terms and conditions.

Copies of the foregoing agreements and contracts may be inspected during ordinary business hours at the principal office of the Holding Company, 191 Evans Avenue, Toronto 18, Ontario, while the securities offered by this prospectus are in the course of primary distribution to the public and for a period of 30 days thereafter.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

The attention of the purchasers is drawn to certain provisions of the Securities Act, 1966 (Ontario) which permit purchasers to whom the said Act applies in certain events and subject to certain conditions,

(a) to withdraw from any agreement of purchase and sale if written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase and sale, is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus is received (or deemed to be received) by the purchaser or his agent; and

(b) to rescind the agreement of purchase and sale for which any action must be commenced within ninety days from the date of receipt (or deemed receipt) of the prospectus or an amended prospectus by the purchaser or his agent or the date of agreement of purchase and sale, whichever is later if such prospectus or amended prospectus, as of date of receipt (or deemed receipt), contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in light of the circumstances in which it was made.

The full text of such provisions is contained in Sections 63 and 64 of the Securities Act, 1966 (Ontario)

GENERAL IMPACT EXTRUSIONS LTD. AND SUBSIDIARY

Consolidated Balance Sheet
and
Pro Forma Consolidated Balance Sheet
(after giving effect to the transactions described in Note 1)
June 30, 1967

Assets

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
Current assets:		
Cash	$ 1,829	$ 1,829
Accounts receivable	1,557,762	1,557,762
Inventories, at lower of cost or net realizable value	1,177,206	1,177,206
Containers, tooling and prepaid expenses	219,883	219,883
Total current assets	2,956,680	2,956,680
Investment in common shares of Xyno Plastics Ltd. (50% owned) - at cost (note 2)	50,000	50,000
Fixed assets, at cost less depreciation (notes 3, 4 and 5)	1,391,550	1,391,550
	$4,398,230	$4,398,230

Liabilities

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
Current liabilities:		
Due to bank - secured by accounts receivable and inventories	$ 964,968	$ 346,123
Accounts payable and accrued liabilities	1,776,249	1,776,249
Income taxes payable	96,769	96,769
Long term debt due within one year	85,042	97,042
Total current liabilities	2,923,028	2,316,183
Long term debt (note 6):		
Funded	143,750	331,750
Other	206,812	93,422
Total long term debt	350,562	425,172
Deferred income taxes	377,000	377,000
Shareholders' equity:		
Capital stock (note 7)	124,250	700,650
Contributed surplus - premium on issue of shares, unchanged since January 1, 1962	2,708	2,708
Retained earnings (notes 1, 9 and 10)	620,682	576,517
	747,640	1,279,875
	$4,398,230	$4,398,230

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

(Sgd.) MICHAEL M. KOERNER, Director

(Sgd.) OTTO E. RIEDER, Director

GENERAL IMPACT EXTRUSIONS LTD. AND SUBSIDIARY

Consolidated Statement of Income
For the period from January 1, 1962 to June 30, 1967

	Years ended December 31 1962	1963	1964	1965	1966	Six months ended June 30, 1967	Six months ended June 30 1966 (Unaudited)
Sales	$1,836,410	$1,713,106	$1,684,377	$2,900,690	$6,661,466	$4,094,912	$3,233,824
Earnings before items noted	$ 255,373	$ 212,511	$ 216,579	$ 293,245	$ 598,282	$ 515,044	$ 290,475
Deduct: Depreciation of fixed assets and amortization of leasehold improvements (Note 14)	55,862	66,838	83,197	153,707	149,294	102,943	70,407
Interest on bank loan and short term borrowings	9,077	5,947	2,941	25,055	29,406	15,765	15,101
Interest on long term debt	5,551	4,414	3,237	2,135	24,617	13,498	9,535
Taxes on income (Note 15)							
Current	4,600	73,588	32,000	8,000	61,000	106,500	59,700
Deferred	93,000	(9,322)	25,000	44,322	135,000	89,000	37,000
Total taxes on income	97,600	64,266	57,000	52,322	196,000	195,500	96,700
	168,090	141,465	146,375	233,219	399,317	327,706	191,743
Net earnings for the period	$ 87,283	$ 71,046	$ 70,204	$ 60,026	$ 198,965	$ 187,338	$ 98,732

Consolidated Statement of Retained Earnings
For the period from January 1, 1962 to June 30, 1967

	1962	1963	1964	1965	1966	Six months ended June 30, 1967	Six months ended June 30 1966 (Unaudited)
Retained earnings beginning of period	$ 11,843	$ 119,726	$ 178,302	$ 229,221	$ 269,962	$ 432,047	$ 269,962
Add: Net earnings for the period	87,283	71,046	70,204	60,026	198,965	187,338	98,732
Government assistance grant (Note 16)	20,600	—	—	—	—	2,700	—
	119,726	190,772	248,506	289,247	468,927	622,085	368,694
Deduct: Dividends on 5% non-cumulative first preferred shares	—	5,655	5,655	2,805	2,805	1,403	1,403
Dividends on common shares	—	6,815	13,630	13,630	34,075	—	—
Premium on redemption of first preferred shares	—	—	—	2,850	—	—	—
	—	12,470	19,285	19,285	36,880	1,403	1,403
Retained earnings end of period	$ 119,726	$ 178,302	$ 229,221	$ 269,962	$ 432,047	$ 620,682	$ 367,291

See accompanying notes to consolidated financial statements.

GENERAL IMPACT EXTRUSIONS LTD. AND SUBSIDIARY

Notes to Consolidated Financial Statements

June 30, 1967

1. The pro forma consolidated balance sheet is after giving effect to the following proposed transactions:

   (a) The obtaining of supplementary letters patent dated August 31, 1967 changing the issued and unissued common shares of 50 cents par value into common shares without par value, subdividing such shares on a three for one basis and increasing the authorized capital of the Company by the creation of 200,000 common shares without par value ranking on a parity with the existing common shares as subdivided;

   (b) The issuance of 110,000 common shares at a price of \$5.75 per share;

   (c) The payment of an underwriting commission of \$25,000 and the provision for expenses of \$15,000 which amounts have been charged to retained earnings;

   (d) The redemption of the outstanding 5% first preferred shares for \$58,905, including a premium of 5%, resulting in retained earnings set aside as capital surplus as required by Section 61 of the Canada Corporations Act aggregating \$113,100, including the amount referred to in note 9;

   (e) The redemption of the outstanding 8% notes payable for \$114,750, including a premium of 1.2%;

   (f) The receipt of partial proceeds in the amount of \$200,000 of a \$250,000 8½% loan;

   (g) The application of the balance of the proceeds, \$618,845, to reduce bank indebtedness.

2. The accompanying statements do not include the Company's proportion of the net earnings of Xyno Plastics Ltd. (none having been distributed) from the dates of acquisition of the shares to June 30, 1967, which proportion amounted to \$9,183 and comprise the following:

1964	net loss	\$(5,228)	
1965	net loss	(8,238)	
1966 (six months)	net earnings	4,451	(unaudited)
1966	net earnings	14,203	
1967 (six months)	net earnings	8,446	(unaudited)

3. Fixed assets, at cost less depreciation:

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
Machinery and equipment at cost	\$ 1,697,321	\$ 1,697,321
Furniture and fixtures at cost	164,946	164,946
	1,862,267	1,862,267
Less accumulated depreciation	758,794	758,794
	1,103,473	1,103,473
Equipment under construction at cost	91,600	91,600
Leasehold improvements, at cost less amounts written off	196,477	196,477
Net fixed assets	\$1,391,550	\$1,391,550

4. Manufacturing and office premises are occupied under a lease which requires fixed annual payments of approximately $106,000 to 1987 plus taxes, licence fees, electric current, water, gas, heat, telephone and insurance costs.

5. Fixed assets include machinery in the amount of $113,506 paid for by the Government of Canada under arrangements whereby the Subsidiary is required to repay without interest 50% of the cost over five years from the programme completion date at which time the government makes a grant of the other 50% of the cost. The Subsidiary has recorded in its accounts only the actual cost to it. Title to the machinery is held by the government until all instalments have been paid by the Subsidiary.

6. Long term debt:

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
Funded - secured by floating charges:		
7 ½ % loan repayable in monthly instalments of $6,250 plus interest	$ 218,750	$ 218,750
Less portion due within one year	75,000	75,000
	143,750	143,750
8½% loan repayable in 29 monthly instalments of $1,000 and 25 monthly instalments of $8,840 plus interest	—	200,000
Less portion due within one year	—	12,000
	—	188,000
Total funded debt:	143,750	331,750
Other:		
Government capital assistance grants repayable in five annual instalments without interest (note 5)	103,464	103,464
Less portion due within one year	10,042	10,042
	93,422	93,422
8% notes payable to directors, officers and shareholders due January 1, 1969 (subject to prior redemption at a premium rate of 5% diminishing by .2% per month subsequent to January 31, 1966) (note 8)	113,390	—
Total other long term debt	206,812	93,422
Total long term debt	$ 350,562	$ 425,172

7. Capital stock:

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
Preferred shares:		
5% non-cumulative first preferred shares of $100 par value per share, redeemable at $105. Authorized 2,000 shares; issued 1,131 shares less 570 shares redeemed - outstanding 561 shares (note 8)	56,100	—
2% non-cumulative redeemable second preferred shares of 10 cents par value per share. Authorized 2,000,000 shares; issued nil	—	—
Common shares:		
Common shares of 50 cents par value per share. Authorized 200,000 shares; issued 136,300 shares	68,150	—
Common shares without par value. Authorized 800,000 shares; issued 518,900 shares	—	700,650
	124,250	700,650

8. On September 22, 1967 the Company redeemed its outstanding 5% first preferred shares at a premium of 5% and on September 29, 1967 the Subsidiary redeemed its outstanding 8% notes payable at a premium of 1.2%.

9. Retained earnings of $57,000 have been set aside as capital surplus as required by Section 61 of the Canada Corporations Act in respect of 5% non-cumulative first preferred shares redeemed in 1965.

10. The Company may not pay dividends on its common shares if as a result of so doing consolidated earned surplus would be reduced below $620,000.

11. Purchase commitments in respect of machinery and equipment, other than those referred to in note 12 below, amount to approximately $100,000 at June 30, 1967.

12. The Company has arranged the incorporation of a new company, G.I.E. Corporation, to be operated as a subsidiary subsequent to June 30, 1967. There was no investment in such company as at June 30, 1967. However, the following financial arrangements have been made by General Impact Extrusions (Manufacturing) Ltd. on behalf of the new company.

    (a) Purchase commitments over an estimated twelve month period in respect of machinery and equipment to be supplied to the new company amount to approximately $400,000;

    (b) Temporary bank financing has been arranged in the amount of U.S. $325,000 to substantially cover the purchase commitments referred to above; and

    (c) Annual lease payments of approximately $38,000 to 1982 in respect of premises to be occupied by the new company have been guaranteed.

13. Accounts receivable in United States currency have been translated to Canadian dollars at the rate of exchange prevailing at June 30, 1967; sales in United States currency have been translated to Canadian dollars at the average rates of exchange prevailing during the periods in which they were recorded.

14. Depreciation prior to January 1, 1966 was provided on the diminishing balance method whereby rates were applied to the total net book value at the end of the period. Subsequent to that date, depreciation has been provided on the diminishing balance method except for current additions which have been depreciated only for the period subsequent to installation. The new method resulted in depreciation for 1966 being approximately $29,000 less than that which would have been provided under the previous method (approximately $6,000 relates to the six months ended June 30, 1966). The provision for the six months ended June 30, 1967 is approximately $20,000 less than that which would have been provided under the previous method.

15. Income taxes have been assessed and paid up to the close of the 1963 financial year of the Company and its subsidiary. The income tax provisions for subsequent periods are considered adequate to provide for taxes not yet assessed.

16. In 1961 the Company provided for the full repayment of a Government assistance grant received in connection with certain pre-production expenses. Based on the Company's calculation of the profit earned on the related contracts, the grants will not have to be repaid and the provision, being no longer required, has been reversed and included in retained earnings.

ACCOUNTANTS' REPORT

To the Directors of
General Impact Extrusions Ltd.
Toronto, Ontario.

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of General Impact Extrusions Ltd. and subsidiary as at June 30, 1967 and the consolidated statements of income and of retained earnings for the five years and six months ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

(a) The accompanying consolidated balance sheet presents fairly the financial position of the companies as at June 30, 1967;

(b) The accompanying pro forma consolidated balance sheet presents fairly the financial position of the companies as at June 30, 1967 after giving effect to the changes set forth in note 1; and

(c) The accompanying consolidated statements of income and of retained earnings present fairly the results of the operations of the companies for the five years and six months ended June 30, 1967;

all in accordance with generally accepted accounting principles applied on a consistent basis except for the change in method of providing depreciation, with which we concur, as described in note 14 to the consolidated financial statements.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Toronto, Ontario
October 28, 1967

CERTIFICATES

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

DATED October 28, 1967

DIRECTORS AND OFFICERS

Chief Executive Officer and Chief Financial Officer

(Sgd.) MICHAEL M. KOERNER
President

(Sgd.) OTTO E. RIEDER
General Manager

On behalf of the Board of Directors

(Sgd.) ROGER L. BEAULIEU
Director

(Sgd.) BERNARD d'ARAGON
Director

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder and under the Quebec Securities Act and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

UNDERWRITER

PITFIELD, MACKAY, ROSS & COMPANY LIMITED

Per (Sgd.) T.H. BAKER
Director

The following are the names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Pitfield, Mackay, Ross & Company Limited: W.C. Pitfield, H.H. Mackay, D.L. Torrey, R.L. Hunter, W.Y. Soper, E.F.C. Kinnear, K.M. Sedgewick, J.M. Arbour, A.F. MacAllaster and D.C. Mackay.

AR34

file

GENERAL IMPACT EXTRUSIONS LTD.

ANNUAL REPORT NINETEEN SIXTY-SEVEN

ANNUAL REPORT

FOR THE YEAR ENDING DECEMBER 31, 1967

GENERAL IMPACT EXTRUSIONS LTD.

and its wholly owned subsidiaries —

GENERAL IMPACT EXTRUSIONS (MANUFACTURING) LTD.
191 Evans Ave., Toronto 18, Ontario

G.I.E. CORPORATION
75 Boxwood Lane, Cheektowaga, New York 14225, U.S.A.

DIRECTORS

BERNARD d'ARAGON, Executive Vice-President, Pole-Lite Ltd., Montreal

ROGER L. BEAULIEU, Q.C., Martineau, Walker, Allison, Beaulieu, Tetley & Phelan, Montreal

MICHAEL M. KOERNER, President

J. ANDREW POWELL, President, Canaplan Leasing Ltd., Montreal

OTTO E. RIEDER, General Manager

DONALD C. WEBSTER, President, Neptune Terminals Ltd., Toronto

OFFICERS

MICHAEL M. KOERNER, President

OTTO E. RIEDER, General Manager

DONALD C. WEBSTER, Vice-President

ROGER L. BEAULIEU, Q.C., Secretary

Officers and key personnel of operating subsidiary General Impact Extrusions (Manufacturing) Ltd.

MICHAEL M. KOERNER, President

OTTO E. RIEDER, Vice-President and General Manager

ROGER L. BEAULIEU, Q.C., Secretary

DONALD S. ARNOTT, Sales Manager

FREDERICK N. DEWIS, Plant Manager

GEORGE B. THIEL, Controller

FINANCIAL HIGHLIGHTS

	1967	1966
Sales	$9,992,732	$6,661,466
Earnings before taxes	729,346	394,412
Net Earnings	363,286	198,965
Cash Flow	756,208	483,259
Earnings per share*	$.70	$.38
Cash Flow per share*	$1.46	$.93
Dividends per share*	$.10	$.083
Shareholders' Equity per share*	$2.70	$.97
Capital Expenditures	1,045,113	540,164
Number of Employees	585	450

(based upon 518,900 shares outstanding)*

TO OUR SHAREHOLDERS

In 1967 General Impact Extrusions Ltd. achieved new record levels of sales, earnings and cash flow. During the year substantial changes and improvements were made to the Etobicoke plant, and G.I.E. Corporation, a wholly-owned subsidiary, was established in Buffalo, N.Y. In the second half of the year the Company became more visible to the financial and business community through its initial issuance of common shares to the public.

The Company has now completed eleven full years of business activity devoted to impact extrusions of aluminum. This technology has been applied to a variety of commercial products such as collapsible tubes for toothpaste and other uses, aerosol cans and felt tip markers. Impact extrusions have been produced for electronic and automotive uses and a broad range of defence applications has been developed for Canadian and U.S. defence markets. Through participation in these developments the Company has grown to an organization of about 585 people, encompassing a wide variety of skills associated with the production of large numbers of small, precision made metal parts. By way of illustration, about 7,000,000 close tolerance metal parts were made during an average month in 1967.

In an effort to use these skills in other areas, an injection moulding plastic company, Xyno Plastics Ltd., was founded in late 1964. Xyno is 50% owned by General Impact Extrusions and managed by your Company. The recent establishment of G.I.E. Corporation in Buffalo, N.Y. also expands the marketing horizon and will create growth in new areas. The changes made in the capital structure of the Company in 1967 provide increased flexibility which can encompass acquisitions and allow for readier access to public funds for expansion, all of which your management hopes to use in the future.

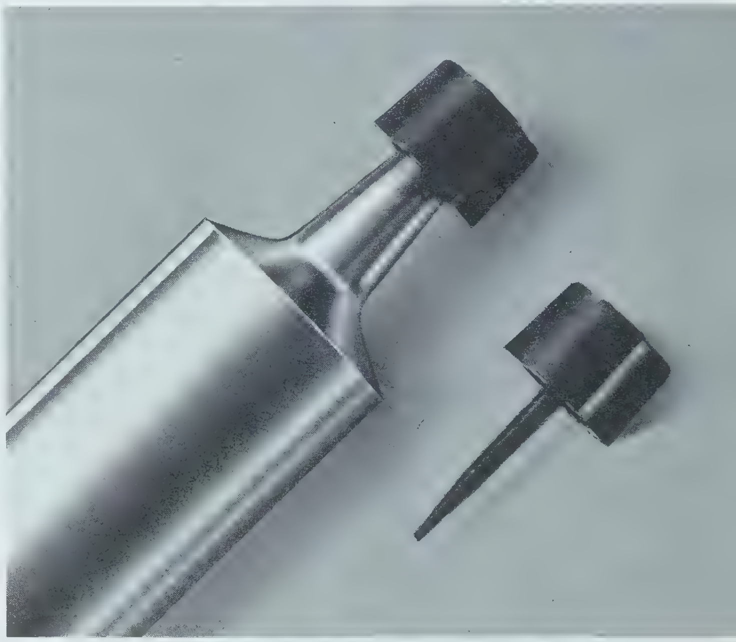
Past progress is presented in detail later in this report. Groundwork for immediate growth over the next two years has been prepared and expectations of continued growth are high. The Company operates in an expanding segment of the metal forming industry and has through the technical and management skills of its personnel achieved a reputation for leadership in the application of the impact extrusion process. This has been and will be the basis of the Company's progress, with management always seeking opportunities in related fields, to maximize earnings and make best use of the Company's physical and personnel resources.

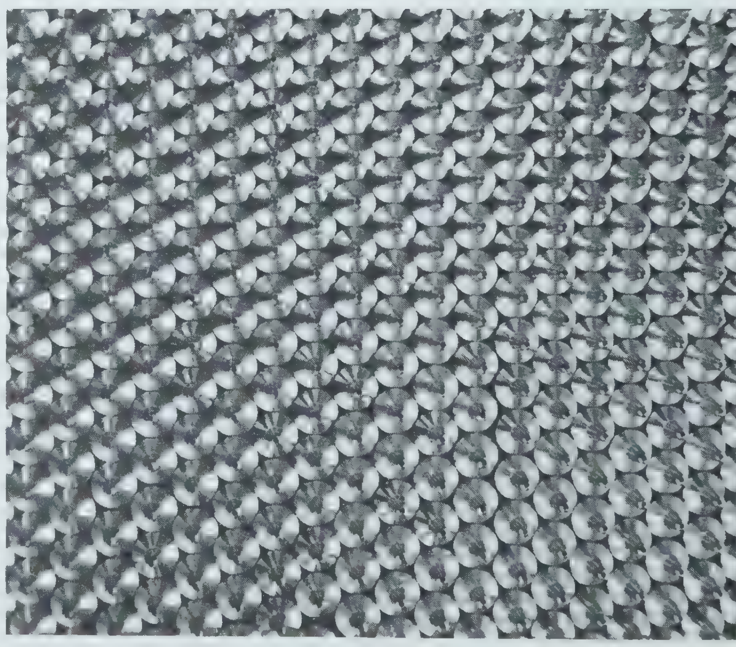
THE YEAR IN REVIEW

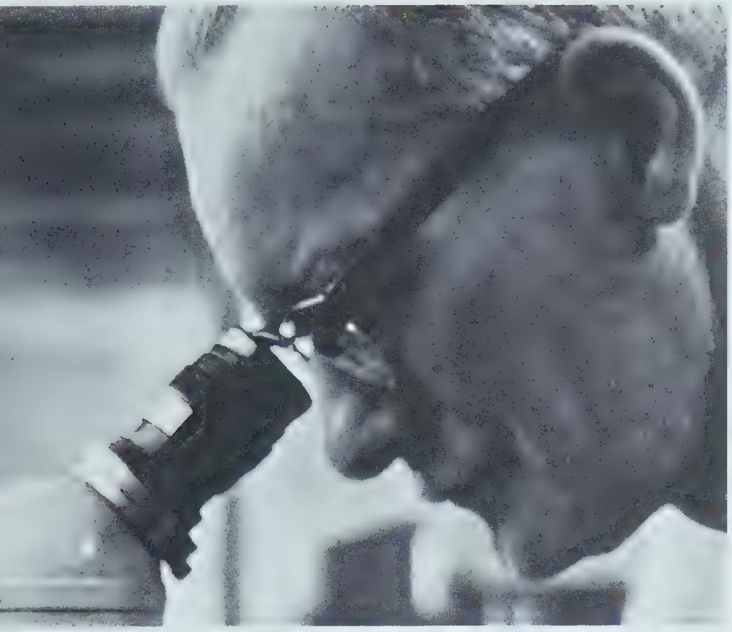
PRODUCTION FACILITIES

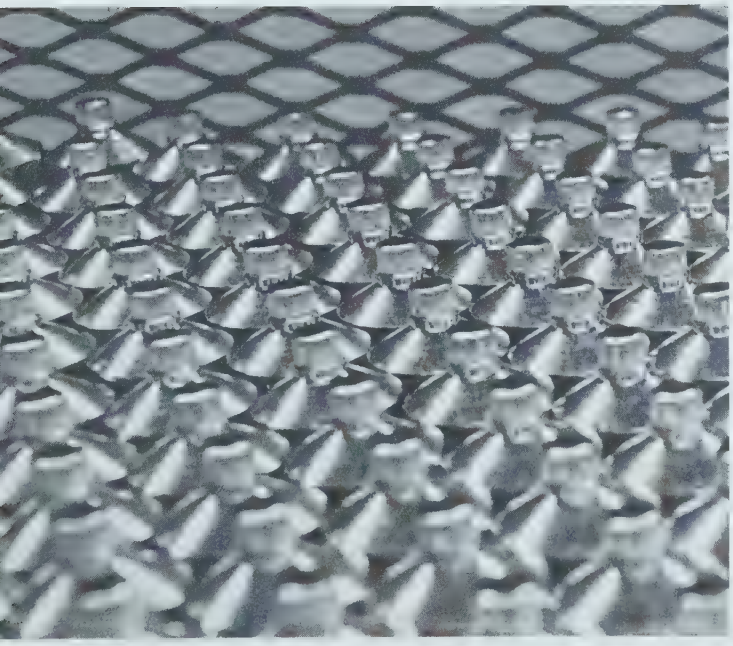
Early in the year, a 40% increase to plant and offices was completed allowing space for expansion and improved layout of production lines. For the first time it has been possible to segregate the decorating division from the heavier extrusion division.

New equipment including a third automatic collapsible









tube line was added in the decorating division, the result being Canada's largest and most modern facility for the production of aluminum impact extruded decorated tubes and cans.

The heavy extrusion division, largely devoted to production of impact extrusions related to defence industry needs, was expanded both in extrusions and secondary machining capacity. Major additions include three horizontal extrusion presses and heat treatment facilities. The enlarged plant has also resulted in better machine placement and improved material flow.

ENGINEERING AND PRODUCT DEVELOPMENT

As in past years, stress has been placed on developing new applications of impact extrusions, in both commercial and defence fields such as the two following examples:

A major engineering achievement was the aluminum alloy cylinder shown on this page which won an award from the annual competition at the National Metal Exposition. Cited in the award were the close tolerances, strength and reduced materials cost resulting from the design. The cylinder is an ammunition component.

Another successful engineering project resulted in a new type of glue packaging consisting of an impact extruded aluminum tube, capped by a plastic insert-applicator. Developed and patented by General Impact Extrusions the "Pin-Tip" closure provides an easy-to-use feature and has been widely publicized as an important packaging achievement.

MARKETS

In 1967 the commercial and defence demands for the Company's product were such that operations were close to maximum capacity at all times. On January 1, 1968 the Company's total forward order position was about 20% higher than a year earlier. Commercial demand is strong and the outlook for 1968 is excellent and should allow the Company to employ its increased capacity effectively. Though certain price increases have been established over the last twelve months, costs are keeping pace and in the case of labour actually advancing faster.

Defence products markets both in Canada and the United States have provided strong momentum, and this is continuing into 1968. The Company is active in a multitude of defence programmes for the Canadian and U.S. forces.

Our product goes into training weapons, anti-submarine warfare, and defence hardware, both ground and aerial. Dealing in these markets, the Company not only faces significant competition from U.S. industry, but also faces the vicissitudes of defence purchasing and budgeting. Contracts in hand suggest that 1968 will be a very active year and receipt of certain additional contracts would strain capacity to the limit. In forecasting the longer term, it is important to note the scale of the market; U.S. defence expenditures in aggregate exceed total

Canadian gross national product. General Impact and in due course G.I.E. Corp. bid aggressively for a small, indeed minute, portion of this immense market and management is confident that the Company's growing capabilities will continue to be recognized as in past years.

FINANCIAL DEVELOPMENTS

Sales and earnings have been referred to both at the outset of this report, and are presented in further detail in the financial statements and comparative statistics.

In order to undertake the major 1967 capital expenditures programme in Toronto and to finance the start of G.I.E. Corp., the Board of Directors initiated a series of significant changes. Long term indebtedness of the Company was increased by $250,000. In preparation of the Company's initial distribution of common shares to the public, the then existing common shares were subdivided three for one, and all outstanding preferred shares and notes retired. Following this, 110,000 common shares were issued, increasing the capitalization to its present total of 518,900 shares.

In view of the substantial cash flow, increased net indebtedness and net proceeds of underwriting, the Company increased its working capital by $269,724, after providing $1,045,113 for capital expenditures, $53,293 for dividends on common and preferred shares and $172,295 for retirement of preferred shares and notes. These changes may be seen at a glance by referring to the statement of source and application of funds which is to be found in the financial statements.

During the year the Company increased its investment in Xyno Plastics, which is 50% owned, by $15,000; total investment as of the year end was $65,000.

A year end dividend of 10 cents per share was paid, which compares to 8⅓ cents in 1966. Though the Company has no fixed dividend policy, an annual dividend has been paid in each of the last five years on the Company's common shares.

PERSONNEL AND LABOUR RELATIONS

Hourly paid employees are represented by the United Auto Workers Union with which a two year contract was recently negotiated. The Company continues to enjoy harmonious labour relations, and is proud of the relatively long association many employees have had with the organization. It is, however, of concern to management that wage costs are rising faster than productivity and in some instances faster than in comparable industries in the United States.

Following issuance of shares to the public, certain senior officers other than directors were granted stock options with a view that it is highly desirable to have management shareowner-oriented.

G.I.E. CORPORATION

In 1967 the first steps were taken to implement a long studied plan to establish an operating subsidiary in the United States. Key management was hired and by mid-

summer a plant location had been found in Cheektowaga, an industrial suburb of Buffalo, New York. Equity funds for G.I.E. Corporation were supplied in total by General Impact Extrusions Ltd. Term loan and banking accommodations have been negotiated and will be used in 1968 as the business gathers momentum. Production commenced in January, 1968 but will not build up to significant levels until the second half of the year, when all major items of equipment will be installed and operative. As of December 31, 1967 approximately $450,000 had been invested in capital goods in this division and commitments for an additional $200,000 were outstanding.

XYNO PLASTICS LTD.

Xyno Plastics Ltd. had an active and successful year, thus completing its third full year of operations. Net earnings were $43,382 and cash flow $81,839, compared to $28,407 and $43,187 in 1966. As the Company owns 50% of the shares of Xyno Plastics Ltd., these results are not consolidated. The Company's interest in Xyno's 1967 earnings was $21,601 or $.04 per share.

In mid-1967 Xyno purchased Plastene Canada Ltd. and certain other assets, thereby expanding its productive facilities and markets. This move, along with Xyno's own capital expenditure programme, has more than doubled the Company's physical plant and should allow for increased sales in 1968. Xyno's expansion programme was financed in part by additional subscription from its shareholders, and in part by term borrowing and internal cash generation.

The short term outlook for Xyno is most encouraging and it is expected that over the longer term Xyno will prove to be an important building block in the growth of General Impact Extrusions Ltd.

OUTLOOK

The Company continues to lay the foundations for orderly, rapid growth. Besides planning for growth, we hope to be sensitive to changes in technology and markets and divert our attention to new opportunity. We are engaged in a metal forming technique which is still relatively young and not fully exploited. The outlook indeed is good when one looks ahead ignoring short term problems. The short term, where inevitably one has to be active, is however one of rising costs, of narrowing margins of competitiveness and advantage over U.S. industry, and of possible restructuring of defence expenditures. We hope that to a large measure we have anticipated these problems by the nature of some of the changes implemented last year.

The Company's management and employees have demonstrated by their record an ability to perform, and in expressing thanks for this continuing performance, the Board of Directors express their confidence in them and the Company's future.

Michael M. Koerner,
President.

GENERAL IMPACT EXTRUSIONS

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1967

ASSETS

	1967	1966
Current assets:		
Cash	$ 9,510	$ 1,879
Accounts receivable	2,188,394	1,288,944
Inventories, at the lower of cost or net realizable value	1,136,829	833,321
Containers, tooling and prepaid expenses	197,651	121,772
Total current assets	3,532,384	2,245,916
Fixed assets, at cost less depreciation (notes 1 and 2):		
Machinery and equipment	1,909,136	1,257,393
Furniture and fixtures	184,527	125,319
	2,093,663	1,382,712
Less accumulated depreciation	881,033	664,390
	1,212,630	718,322
Equipment under construction	427,007	262,661
Leasehold improvements, at cost less amounts written off	232,052	84,015
Net fixed assets	1,871,689	1,064,998
Investment in and advances to Xyno Plastics Ltd. (50% owned):		
Common shares, at cost (note 3)	50,000	50,000
Advances	15,000	—
Total investment and advances	65,000	50,000
Deferred charge — preproduction expenses	59,558	—
	$5,528,631	$3,360,914

NOTES TO CONSOLIDATED

1. Manufacturing and office premises are occupied under two leases requiring aggregate annual payments of $144,000 to 1982 and thereafter under a single lease requiring annual payments of $106,000 to 1987.
2. Fixed assets include machinery in the amount of $162,449 being 50% of the original cost thereof. The full cost of the machinery was paid for by the Government of Canada under arrangements whereby 50% of the cost is required to be repaid without interest over five years from the programme completion date at which time the government will make a grant of the other 50% of the cost. Only the actual cost has been recorded in the accounts. Title to the machinery is held by the government until all instalments have been paid.
3. The Company's proportion of the net earnings of Xyno Plastics Ltd. from the date of acquisition of the shares to December 31, 1967 is $22,428; the proportion of such earnings for the year ended December 31, 1967 is $21,691.
4. Long-term debt:

	1967	1966
Funded — secured by floating charges:		
7½% loan repayable in monthly instalments of $6,250 plus interest	$181,250	$256,250
Less portion due within one year	75,000	75,000
	106,250	181,250
8½% loan repayable in 29 monthly instalments of $1,000 and 25 monthly instalments of $8,840 plus interest	250,000	—
Less portion due within one year	12,000	—
	238,000	—
Total funded debt	344,250	—
Other:		
Government capital assistance grant contracts, repayable in five annual instalments without interest (note 2)	152,407	50,208
Less portion due within one year	10,042	10,042
	142,365	40,166
8% notes payable	—	113,390
Total other long-term debt	142,365	153,556
Total long-term debt	$486,615	334,806

LTD. AND SUBSIDIARIES

WITH COMPARATIVE FIGURES FOR 1966

LIABILITIES

	1967	1966
Current liabilities		
Due to bank — secured by accounts receivable and inventories:		
Overdraft	$ 25,423	$ 39,378
Loan	883,000	539,000
	908,423	578,378
Accounts payable and accrued liabilities	2,027,063	1,460,202
Income taxes payable	162,469	55,481
Long-term debt due within one year (note 4)	97,042	85,042
Total current liabilities	3,194,997	2,179,103
Long-term debt (note 4):		
Funded	344,250	181,250
Other	142,365	153,556
Total long-term debt	486,615	334,806
Deferred income taxes	448,000	288,000
Shareholders' equity:		
Capital stock:		
5% non-cumulative first preferred shares of $100 par value per share, redeemable at $105. Authorized 2,000 shares; issued and redeemed 1,131 shares; outstanding nil (1966 — 561 shares) (note 5)	—	56,100
2% non-cumulative redeemable second preferred shares of 10 cents par value per share. Authorized 2,000,000 shares; issued nil		
Common shares without par value. Authorized 800,000 shares; issued 518,900 shares (1966 — 136,300 shares) — stated value (notes 6 and 7)	700,650	68,150
	700,650	124,250
Contributed surplus — premium on issue of shares, unchanged during year	2,708	2,708
Retained earnings (note 5)	695,661	432,047
Total shareholders' equity	1,399,019	559,005
	$5,528,631	$3,360,914

Approved on behalf of the Board:
MICHAEL M. KOERNER, *Director*
OTTO E. RIEDER, *Director*

INANCIAL STATEMENTS

5. Under the provisions of Section 61 of the Canada Corporations Act, $113,100 of the retained earnings is classified as capital surplus arising from the redemption of the 5% preferred shares, including 561 preferred shares redeemed during the year ended December 31, 1967 at a premium of $2,805.

6. On August 31, 1967 the Company was granted Supplementary Letters Patent changing the issued and unissued common shares of 50 cents par value into common shares without par value, subdividing such shares on a three for one basis and increasing the authorized capital by the creation of 200,000 common shares without par value. Subsequent to that date, 110,000 common shares were issued for $632,500 cash.

7. Options dated December 15, 1967 have been granted to certain employees whereby they may subscribe for 11,400 common shares at $8 per share, such price to increase by $1 per year for each year following the date of granting the option. The options expire on December 31, 1972 if not exercised. A further 3,600 shares have been set aside to be optioned to employees at prices of not less than $5.75 per share.

8. The following amounts have been charged against operating income:

	1967	1966
Depreciation and amortization	$232,922	$149,294
Remuneration of officer-directors	80,360	58,180
Remuneration of other directors	6,600	2,050
Remuneration of senior officers who are not directors	51,200	45,600

9. Purchase commitments in respect of machinery and equipment amount to approximately $300,000 at December 31, 1967.

10. The assets and liabilities of the wholly owned subsidiary, G.I.E. Corporation, and accounts receivable in United States currency have been translated to Canadian dollars at the rate of exchange prevailing at December 31, 1967.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1967 WITH COMPARATIVE FIGURES FOR 1966

	1967	1966
Sales	$9,992,732	$6,661,466
Cost of sales	8,803,401	5,943,362
Gross profit	1,189,331	718,104
Selling and administrative expenses	438,649	302,075
Operating income (note 8)	750,682	416,029
Other income — net	9,130	3,553
	759,812	419,582
Interest on long-term debt	30,466	24,617
Income before income taxes	729,346	394,965
Income taxes:		
Currently payable	206,060	61,000
Deferred	160,000	135,000
	366,060	196,000
Net income	363,286	198,965
Retained earnings at beginning of year	432,047	269,962
	795,333	468,927
Deduct:		
Share issue expense and underwriter's commission	43,574	—
Premium on redemption of preferred shares	2,805	—
Dividends paid:		
Common shares	51,890	34,075
Preferred shares	1,403	2,805
	99,672	36,880
Retained earnings at end of year	$ 695,661	$ 432,047

See accompanying notes to financial statements.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of General Impact Extrusions Ltd. and subsidiaries as of December 31, 1967 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company and subsidiaries at December 31, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
February 12, 1968

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31, 1967 WITH COMPARATIVE FIGURES FOR 1966

	1967	1966
Funds provided:		
Net profit	$ 363,286	$ 198,965
Add charges not requiring cash expenditure:		
Depreciation	232,922	149,294
Deferred income taxes	160,000	135,000
Funds provided from operations	756,208	483,259
Proceeds from issue of common shares, $632,500, less underwriter's commission and other expenses, $43,574	588,926	—
Proceeds of term loan	250,000	272,298
Proceeds of Government capital assistance grant contract	112,241	50,208
Proceeds from issue of 8% notes payable	—	3,820
Proceeds from sale of fixed assets	5,500	4,215
Total funds provided	1,712,875	813,800
Used as follows:		
Purchase of fixed assets	1,045,113	540,164
Purchase of common shares of Xyno Plastics Ltd.	—	10,000
Current portion of term loan	87,000	101,254
Current portion of government capital assistance grant	10,042	10,042
Redemption of 8% notes payable	113,390	—
Advance to Xyno Plastics Ltd.	15,000	—
Dividends on preferred shares	1,403	2,805
Dividends on common shares	51,890	34,075
Redemption of 561 preferred shares	56,100	—
Premium on redemption of preferred shares	2,805	—
Preproduction expenses	59,558	—
	1,442,301	698,340
Increase in working capital	$ 270,574	$ 115,460

FIVE YEARS OF FINANCIAL PROGRESS

	1967	1966	1965	1964	1963
Sales	$9,992,732	$6,661,466	$2,900,690	$1,684,377	$1,713,106
Cost of Sales	8,803,401	5,943,362	2,565,472	1,420,628	1,416,711
Gross Profit	1,189,331	718,104	335,218	263,749	296,395
Income before taxes	729,346	394,965	112,348	127,204	125,012
Income Taxes	366,060	196,000	52,322	57,000	58,666
Net Income	363,286	198,965	60,026	70,204	66,346
Depreciation charged	232,922	149,294	153,707	83,197	66,838
Cash Flow	756,208	483,259	258,055	178,401	128,862
Net Income per share	0.70	0.38	0.11	0.12	0.12
Cash Flow per share	1.46	0.93	0.49	0.33	0.24
Dividends per share	0.10	0.083	0.033	0.033	0.016
Capital Expeditures	1,045,113	540,164	470,047	156,784	118,735
Number of Employees	585	450	383	157	139

gie

GENERAL IMPACT EXTRUSIONS LTD.

Printed in Canada